

Research Brief

Bangladesh Factory Safety – Four years after Rana Plaza

RESEARCH BRIEF

The Accord and Alliance programs have one year left in their collective efforts to make the Bangladeshi garment industry safe and sustainable. What have they achieved to date and what remains to be done?

INTRODUCTION

On April 24, 2013, Rana Plaza, an eight-story factory, collapsed in Bangladesh, killing more than 1,100 people. In the aftermath, global brands and retailers that have clothes made in Bangladesh took unprecedented joint action to address the country’s chronic factory safety issues. In the months following the Rana Plaza collapse they established two separate programs to inspect safety conditions in the factories of their primary suppliers. Mostly European global apparel brands, global and Bangladeshi trade unions, and NGOs launched the Bangladesh Accord for Fire and Building Safety (Accord). North American retailers, the U.S. and Bangladeshi governments, NGOs and trade unions formed the Alliance for Bangladesh Worker Safety (Alliance). Together these two initiatives involve more than 200 global brands and retailers in an unprecedented collective effort to improve building and fire safety standards in Bangladesh’s ready-made garment (RMG) factories.

Both programs were designed as five-year commitments and are due to expire in the summer of 2018. As they enter their final year, it is important to take stock of their progress to date and what they still need to do.

Methodology

In preparing this status report the Center analyzed the Accord and the Alliance’s publications and webpages, including their most recent updates in February and March of 2017. This information is available on the Accord and Alliance websites.¹

PROGRESS THUS FAR

Final inspections: 79 fully remediated factories

Even though the Accord and the Alliance programs have been operating for four years, only 79 factories have passed their final inspections, thereby fully completing their CAPs.² This amounts to approximately 3.5 percent of factories that have initiated remedial actions.

The Accord and the Alliance cite many reasons for this delay. These include a lack of funding, a lack of motivation among factory owners, and the difficulty of obtaining legitimate safety items, such as fire doors, fire alarms, and sprinkler system components.³ Fixing factory safety issues is a complex and resource-heavy task. For example, factories require an estimated US\$250,000 - US\$350,000 to complete remedial measures listed in their CAPs.⁴ The Accord and the Alliance have created various financing opportunities to account for the lack of access to affordable financing within Bangladesh. They partner with signatory companies, government aid agencies, and international organizations such as the International Finance Corporation to provide loans.⁵

But research suggests that the cost of addressing existing factory safety issues greatly exceeds the funds committed thus far, leaving many factories without the finances to implement more costly improvements.⁶ Foreign brands, however, have not accepted any financial responsibility for underwriting these costs. In its 2014 report, “Business as Usual is Not an Option: Supply Chains and Sourcing after Rana Plaza,” the Center noted that “neither initiative imposes a firm obligation on brands to fund repair of safety deficiencies uncovered by their audits... [factory owners] are required to be in compliance in order to maintain relationships with Accord and Alliance members, but if they cannot afford the remediation the initiatives determine is necessary, no one is obligated to assist them.”⁷

Moreover, the international community has not adequately pledged funding to address the poor state of critical infrastructure, which “exacerbates risks of factory fires and the likelihood of future tragedies.”⁸ Instead, international donors have primarily targeted inspection, training, and empowerment programs, as well as the International Labor Organization and International Finance Corporation’s Better Work program.

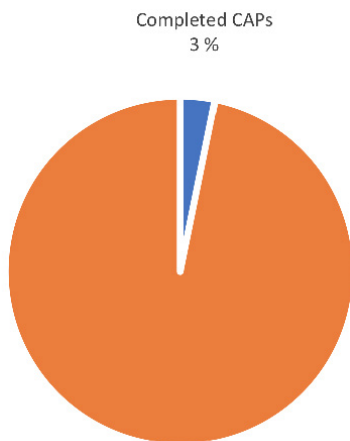


Figure 1: Percentage of factories that have completed their correction action plans and passed their final third party inspections.

Factories: 2,256

As of March 2017, 2,256 factories have remedied or are currently in the process of remedying their working conditions under the Accord and Alliance programs.⁹ These factories employ 3.2 million workers.¹⁰ In 2015, the Center published a report entitled “Beyond the Tip of the Iceberg:

Bangladesh’s Forgotten Apparel Workers,” which documented more than 7,100 factories producing for export and approximately 5.1 million workers employed by these factories.¹¹ This means that only about 63 percent of the garment workers in Bangladesh working in factories producing for export are covered by the two inspection and remediation programs.¹²

Both the Accord and the Alliance regularly publish progress reports on factories currently undergoing remediation and the impacts of their worker training and empowerment programs. This update collates individual statistics separately published by the Alliance and the Accord and examines the progress that they have made in addressing factory safety issues.

Initial inspections: 2,334

Each factory producing for Accord and/or Alliance signatory companies must first undergo an independent inspection.¹³ A qualified inspection firm assesses the factory’s fire, electrical, and structural safety standards, and it shares its findings with the factory’s owners, Accord and/or Alliance staff, and signatory companies sourcing from the factory. As of March 2017, the Accord and Alliance have conducted 2,334 initial inspections.¹⁴

Factory owners and relevant signatory companies then draw on the findings of the initial inspection to create a corrective action plan (CAP), which details the steps and finances needed to make the factory a safe working

environment and outlines a workable timeframe to complete these steps.

Additionally, these inspections identify critical safety issues requiring urgent attention. It is difficult to ascertain how many factories have undergone urgent renovations or shut down following initial inspections, as many factory owners only partly close their facilities or temporarily evacuate workers.¹⁵

Remediation process: 2,156 Active Corrective Action Plans

Factories implement their CAPs with assistance from Accord and/or Alliance staff, engineers, and consultants. Accord and Alliance staff conduct numerous visits to monitor and verify factories’ corrective actions. After a factory has addressed all concerns noted in its CAP, a third party conducts a final inspection.

Between the Accord and the Alliance there are 2,156 factories currently in the process of implementing their CAPs.¹⁶ (The two initiatives have yet to approve some factories’ CAPs following their initial inspections.) The Alliance reports that 75.2 percent of the safety issues identified at these factories have been remedied as of April 2017,¹⁷ while the Accord states that 75 percent have been “reported or verified as fixed” as of February 2017.¹⁸ The majority of safety

issues reported fixed are electrical problems. Fire issues constitute the second-most remedied category. Efforts to remediate structural issues—the type of safety problem that led to the Rana Plaza collapse—lag considerably.

Many factories are critically behind their timeframes for fixing structural, fire, and electrical issues. The Accord reports that 94 percent of factories are behind schedule in addressing their CAPs, while the Alliance lists 35 percent.²⁰ Some factories lack a CAP entirely, including 152 factories under the Accord.²¹

Other factories have fallen so far behind in implementing their CAPs that they have been suspended or terminated from the Accord and/or the Alliance.²² When brands terminate their business relationships with factories because of egregious issues or remediation delays, they lose their leverage to improve safety conditions for workers. In doing so, they are likely to leave these workers in a highly vulnerable, risky work environment, where remedial actions are not likely to be pursued.

Training programs

Workers in facilities monitored by the Accord and/or the Alliance undergo safety training programs meant to empower them to identify and address workplace safety violations. The Alliance reports that more than 1.2 million workers employed in Alliance-affiliated factories have received its Basic Fire Safety Training program. As of September 2016, some 800,000 workers had undergone the Alliance’s interactive refresher course. Following a 2015 impact assessment conducted by an independent third party, the Alliance reported a significant increase in the number of workers able to recognize fire hazards and correct emergency protocols.²³

Additionally, the Accord and the Alliance aim to establish safety committees—democratically

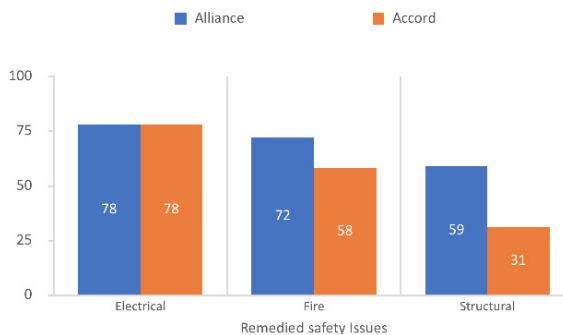


Figure 2: Percentage of remedied factory safety issues broken down by type.¹⁹

elected groups trained to monitor occupational health and safety conditions—in each factory. The Accord’s Safety Committee program currently involves 330 factories, covering over 750,000 workers.²⁴ The Alliance has established 140 safety committees as of March 2017.²⁵ Only 21 percent, then, of Accord- and Alliance-affiliated factories possess worker representation structures.

Complaints mechanisms

The Accord states that workers who file a complaint will “be protected from discrimination or reprisal for submitting a complaint” and may elect to raise their concerns confidentially.²⁶ So far, its complaints mechanism has reportedly resolved 78 safety complaints; however, the Accord’s reports do not detail how workers lodge complaints or how Accord complaint handlers follow up about workers’ concerns.²⁷ No publicly available data exists detailing the number of complaints that the Accord has received.

More readily available information exists regarding the Alliance’s reporting channel. The Alliance Worker Helpline is a 24/7 toll-free number, which workers can call anonymously using a mobile phone. As of March 31, 2017, the Helpline had received 126,973 calls since its launch in July 2014.²⁸ 862 Alliance-affiliated factories, moreover, have received training on how to use the Helpline.²⁹ Each month, the Alliance publishes the percentage of “substantive issues” reported by workers that month, noting that unresolved issues are “due to workers not seeking resolution assistance or to the Helpline and/or Alliance not being able to pursue issues further.”³⁰ However, the Alliance provides no further details on what types of issues the Helpline and/or the Alliance itself cannot pursue further or how many of these issues arise each month.

Issues outside the Accord and the Alliance’s scope

The Accord and the Alliance only monitor and prescribe remedial measures for factories producing for Accord and Alliance signatory companies, that is to say, their primary suppliers. As noted above, the Center documented the existence of more than 7,100 factories producing for the RMG export sector in 2015.³¹ This suggests that the 2,256 factories under the Accord and the Alliance account for less than one-third of all factories nationwide. Thousands of smaller factories supply foreign brands indirectly through larger factories and agents. These factories operate with very little oversight, accommodating direct suppliers’ fluctuating orders.³² Foreign brands and other stakeholders need to prioritize understanding the true scope of indirect sourcing in apparel supply chains to determine how best to improve labor rights across the entire sector.

Improving building and fire safety standards, moreover, is but one of the substantial reforms needed to make the Bangladeshi garment industry safe and sustainable. Other labor abuses are endemic to the industry, including forced overtime, unpaid wages, child labor, and the unlawful intimidation of labor leaders.³³

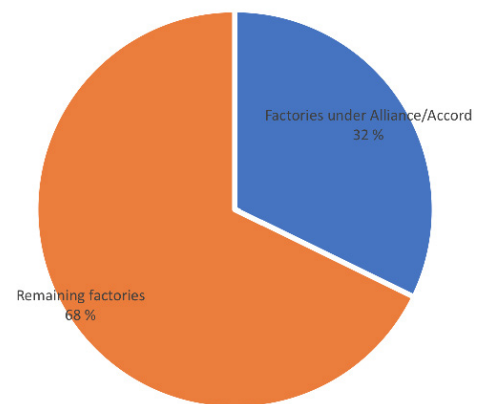


Figure 3: Percentage of Accord- and Alliance-affiliated factories relative to the total number of ready-made garment factories in Bangladesh.

Looking forward: the final year

With the end of the Accord and the Alliance approaching in June 2018, considerable work remains. Although these programs have made progress in inspecting factories and identifying gaps in factory safety, most of these factories have not taken the requisite remedial actions to pass final inspections from either the Accord or the Alliance.

It seems unlikely that the Government of Bangladesh will advocate for extending the mandate of either of these programs.³⁴ This raises the question of what comes next and what will it take to remedy the vast safety challenges in most of the thousands of factories producing for export in Bangladesh. There is clearly a need for fresh thinking about how to allocate the costs of compliance across global brands and retailers, their local suppliers, and other stakeholders. Governments, international financial institutions, and the ILO have all committed to ensuring that the Bangladeshi garment industry remains safe and thus sustainable in the future. Their common interest, coupled with the magnitude of the challenge suggests that the solution lies in shared responsibilities and investment costs.³⁵

THE STATISTICS

As of March 2017...

\$28.1 billion: Value of the garment sector, 2015-2016³⁶

82%: Garments as a percentage of total exports in Bangladesh, 2016³⁷

5.1 million: Number of workers in the industry³⁸

7,179: Estimated number of RMG factories in Bangladesh³⁹

2,256: RMG factories actively engaged in remediation under the Accord and the Alliance (“active factories”)

31%: Accord and Alliance active factories as a percentage of the total number of factories in Bangladesh

744: Alliance inspections

1,600+: Accord inspections

2,334+: Total inspections

79: Factories covered by the Accord and Alliance that have completed the remediation process successfully

ENDNOTES

1. This brief does not account for differences in how the Accord and the Alliance collect their data. Only similar datasets were used together to calculate cumulative totals. See Accord on Fire and Building Safety in Bangladesh, accessed April 17, 2017, <http://bangladeshaccord.org/>; Alliance for Bangladesh Worker Safety, accessed April 17, 2017 <http://www.bangladeshworkersafety.org/>.
2. Under the Alliance, 72 factories have fully completed their corrective action plans. According to the Accord, 58 have remediated all items identified in their initial fire, electrical, and structural inspections, thereby completing their "Initial CAP." However, only seven factories' CAP progress status is listed as "completed" on the Accord's "Inspection Reports and Corrective Action Plans" homepage. The Accord's February 2017 Update, moreover, distinguished between the 43 companies that had then completed their "Initial CAP" and the five companies that had completed their "Full CAP." No later data of this kind is publicly available. See "Alliance Progress March 2017," Alliance for Bangladesh Worker Safety, accessed April 17, 2017, <http://www.bangladeshworkersafety.org/progress-impact/alliance-statistics/>; "Remediated Factories," Accord on Fire and Building Safety in Bangladesh, accessed April 17, 2017, <http://bangladeshaccord.org/remediated-factories/>; "Inspection Reports and Corrective Action Plans," Accord on Fire and Building Safety in Bangladesh, accessed April 17, 2017, <http://accord.fairfactories.org/ffcweb/Web/ManageSuppliers/InspectionReportsEnglish.aspx>; "Accord Progress Factsheet: Update February 2017," Bangladesh Accord on Fire and Building Safety, February 2017, accessed April 17, 2017, <http://bangladeshaccord.org/wp-content/uploads/Accord-Progress-Factsheet-February-2017.pdf>.
3. Marc Bain, "Years after the Rana Plaza tragedy, too many of Bangladesh's factories are still death traps," Quartz, October 25, 2016, <https://qz.com/530308/more-than-two-years-after-the-rana-plaza-tragedy-too-many-of-bangladeshs-factories-are-still-death-traps/>.
4. "What we do – remediation," Alliance for Bangladesh Worker Safety, accessed April 17, 2017 <http://www.bangladeshworkersafety.org/what-we-do/remediation>.
5. John McNally, "IFC Teams Up With Leading Banks, Buyers, to Improve Safety in Bangladesh Garment Factories," International Finance Corporation, July 7, 2015, <http://ifcextapps.ifc.org/ifcext%5Cpressroom%5Cifcpressroom.nsf%5C0%5C511BAE10B2E5B2C785257E7B006B6CDO>
6. Sarah Labowitz and Dorothee Baumann-Pauly, "Beyond the Tip of the Iceberg: Bangladesh's Forgotten Apparel Workers," NYU Stern Center on Business and Human Rights, December 2015, 29, accessed April 17, 2017, http://people.stern.nyu.edu/twadhwa/bangladesh/downloads/beyond_the_tip_of_the_iceberg_report.pdf.
7. Sarah Labowitz and Dorothee Baumann-Pauly, "Business as Usual is Not an Option: Supply Chains and Sourcing After Rana Plaza," NYU Stern Center for Business and Human Rights, April 2014, 39-40, accessed April 18, 2017, http://www.stern.nyu.edu/sites/default/files/assets/documents/con_047408.pdf
8. *Ibid.*, 6.
9. As of March 2017, 1580 Accord-affiliated factories and 676 Alliance-affiliated factories had remedied or were currently in the process of remedying their working conditions. See "Accord Public Disclosure Report: March 1, 2017," Accord on Fire and Building Safety in Bangladesh, accessed March 2017, <http://bangladeshaccord.org/wp-content/uploads/Accord-Public-Disclosure-Report-1-March-2017.pdf>; "Alliance Factory Profile: March 2017," Alliance for Bangladesh Worker Safety, March 15, 2017, accessed April 17, 2017, <http://www.bangladeshworkersafety.org/files/Alliance%20Factory%20Profile%20March%202017.pdf>.
10. As of February 2017, the Accord covers ">2 million workers" and, as of March 2017, the Alliance covers 1.2 million workers. See "Accord Progress Factsheet: Update February 2017"; "Alliance Factory Profile: March 2017."
11. Labowitz and Baumann-Pauly, "Beyond the Tip of the Iceberg," 16, 21.
12. *Ibid.*, 41.
13. "Inspections," Bangladesh Accord on Fire and Building Safety, accessed April 17, 2017, <http://bangladeshaccord.org/inspections/>.
14. As of February 2017, the Accord has conducted over 1,600 factory inspections, and, as of March 2017, the Alliance has inspected 744 factories. Note that the total number of factory inspections exceeds the current number of factories under the two initiatives because they have terminated some factories and transferred others to an inspection program under the auspices of the National Tripartite Plan of Action on Fire Safety and Structural Integrity in the Garment Sector of Bangladesh (NTPA), which was developed by the Government of Bangladesh and representatives of Bangladeshi employers' and workers' organizations with support from the International Labor Organization (ILO). See "Accord Progress Factsheet: Update February 2017"; "Alliance Progress: March 2017," Alliance for Bangladesh Worker Safety, accessed April 17,

- 2017, <http://www.bangladeshworkersafety.org/progress-impact/alliance-statistics>.
15. Both the Accord and the Alliance mandate that factory owners compensate workers for the duration of the period that they are unable to work. See, for instance, "Remediation," Bangladesh Accord on Fire and Building Safety, accessed April 17, 2017, <http://bangladeshaccord.org/remediation/>; "Alliance FAQ," Alliance for Bangladesh Worker Safety, accessed April 17, 2017, <http://www.bangladeshworkersafety.org/who-we-are/faq>.
 16. As of April 2017, there were 719 approved Alliance CAPs. Meanwhile, the Accord reported in February 2017 that 1,437 factories had finalized their CAPs. (The latter figure does not include 60 terminated factories.) See "Alliance Factory Profile: March 2017"; "Accord Progress Factsheet: Update February 2017."
 17. "Alliance Progress: March 2017."
 18. "Accord Progress Factsheet: Update February 2017."
 19. Ibid.; "Alliance Progress: March 2017."
 20. As of March 14, 2017, the Alliance reported that 253 factories out of 717 were either behind or critically behind in following its factory compliance requirements. Out of 1,437 Accord-affiliated factories that had remedied or were in the process of remedying their working conditions as of February 2017, 1,348 factories were behind in implementation. See "Alliance Factory Statuses," Alliance for Bangladesh Worker Safety, accessed April 18, 2017, <http://www.bangladeshworkersafety.org/factory/alliance-factory-status>.
 21. "Accord Progress Factsheet: Update February 2017."
 22. As of April 17, 2017, the Alliance has suspended 145 factories, while the Accord has terminated 60. See "Suspended Factories," Alliance for Bangladesh Worker Safety, accessed April 18, 2017, <http://www.bangladeshworkersafety.org/factory/suspended-factories>; "Accord Progress Factsheet: Update February 2017."
 23. "Protecting and Empowering Bangladesh's Garment Workers: Alliance for Bangladesh Worker Safety, Third Annual Report, September 2015" Alliance for Bangladesh Worker Safety, September 2015, 10, accessed April 17, 2017, <http://www.bangladeshworkersafety.org/files/Alliance%20Second%20Annual%20Report,%20Sept,%202015.pdf>.
 24. "Accord Progress Factsheet: Update February 2017."
 25. "Alliance Progress: March 2017."
 26. "Workplace Programs," Accord on Fire and Building Safety in Bangladesh, accessed April 18, 2017, <http://bangladeshaccord.org/workplace-programs/>.
 27. "Accord Progress Factsheet: Update February 2017."
 28. "Alliance Worker Helpline - Our Voice: Amader Kotha Monthly Brief," Alliance for Bangladesh Worker Safety, March 2017, accessed April 18, 2017, http://www.bangladeshworkersafety.org/files/newsletters/AK_Brief_Mar2017.pdf.
 29. Ibid.
 30. Ibid.
 31. Labowitz and Baumann-Pauly, "Beyond the Tip of the Iceberg," 16-18.
 32. Ibid., 4-7.
 33. "Bangladesh: 2 Years After Rana Plaza, Workers Denied Rights – Enforce Labor Law and End Mistreatment of Unions," Human Rights Watch, April 22, 2015, accessed April 18, 2017, <https://www.hrw.org/news/2015/04/22/bangladesh-2-years-after-rana-plaza-workers-denied-rights>.
 34. "Tenure of Accord and Alliance won't be extended, says Government of Bangladesh," Apparel Resources, December 8 2015, <http://news.apparelresources.com/trade-news/tenure-of-accord-and-alliance-wont-be-extended-says-government-of-bangladesh/>.
 35. Global Agenda Council, "Shared Responsibility: A New Paradigm for Supply Chains," World Economic Forum, November 2015, accessed April 18, 2017, http://www3.weforum.org/docs/WEF_GAC_Supply_Chains_%20A_New_Paradigm_2015.pdf.
 36. "Trade Information," Bangladesh Garment Manufacturers and Exporters Association, accessed April 18, 2017, <http://bgmea.com.bd/home/pages/TradeInformation>.
 37. Ibid.
 38. Labowitz and Baumann-Pauly, "Beyond the Tip of the Iceberg," 21-22.
 39. Ibid., 16-18.